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PETROLEUM RESERVES AND PRODUCTION IN CHINA, 1953

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According to the Tientsin newspaper Ta Tung Pao [probably Ta Kung Pao] on 26 May 1953, the crude-oil production of China in 1952 was 12 percent higher than it was prior to the rise to power of the Communist regime. Evaluation of this percentage figure requires some knowledge of the Chinese oil fields.

Communist China has four oil centers; the most productive one is the Yu-men field in Kansu Province. Since 21 June 1953, this field has been connected with the Lan-chou -- Sinkiang railway, which runs to Soviet Asia and establishes a link with the armament centers of that region. Drilling in the Yu-men field started in 1938; by 1950 there were 91 producing wells. According to an NCNA [Hsin-hua She] report from Sian on 24 June 1953, a Stakhanovite brigade in the Yu-men field set a drilling record of 138.6 meters in 24 hours. Soviet experts are in charge of the work at Yu-men. Peak production in pre-Communist days was probably around 300,000 tons per year. The crude oil is processed in two refineries equipped with cracking installations.

In the neighboring province of Shensi, oil is produced in the Yen-ch'ang field. In 1934, two deposits were struck there. For 1936, production was recorded as 113,000 tons. During the Civil War production dropped rapidly, and no great efforts were made to raise it again at that time because the Raw Materials Commission in Peiping believed that the deposits had been exhausted. Soviet experts then redeveloped the area and brought in modern equipment. According to a report from Sian of 3 July 1953, the maximum prewar production has been doubled. Yen-ch'ang production would thus be approximately 200,000 tons per year.

The only information available on the Southwestern region of China are dispatches of 23 March 1953 from Chungking and of 5 April 1953 from Ch'eng-tu, stating that 27 teams, with a total of 300 geologists, were prospecting in Szechwan Province. Drilling was to be started in the fall [of 1953].

The situation in Manchuria is also unclear. The region has two plants for the distillation of oil shale. One of these plants was built by the Japanese in the space of 6 years, but they never surmounted the difficulties of the distillation process and the plant never went into production. An NCNA dispatch from Peiping, with a dateline of 26 May 1953, reported that the plant has been reconstructed and is now in full production. According to a report from Mukden, dated 8 June 1953, a second oil-shale distillation plant which had been out of operation for 8 years is now being reconstructed. It is one of the key plants in the Chinese industrialization program; 14 machine-building plants in the country have been ordered to provide equipment for this installation. The scheduled date for the start of production is the middle of 1954.

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The fourth oil center of China, Sinkiang, has the largest reserves. Production at the Wu-su field has been going on since 1909. Since 1943, a modern refinery on the northern slopes of the Tien Shan has been in operation. When the Sino-Soviet oil treaty of 1950 was concluded, it probably had a throughput capacity of 150,000 tons. Reports on the establishment of cities in the Sinkiang steppe indicate the high expectations of Moscow and Peiping for these oil deposits. The first of these cities is to be completed in 1956.

The above data show that the Chinese crude-oil requirements can be filled only by imports at present. Before the war, these imports averaged one million tons per year, one third of which was kerosene for illumination purposes. During the war, these imports dropped to a minimum.

After the end of the war in the Pacific, oil imports were resumed. The last accounts of the Chinese Nationalist customs administration for 1947 show imports of 1,207,140 tons of crude oil, 396,112 tons of gasoline, 303,858 tons of illuminating kerosene, and 54,068 tons of diesel fuel. These import data are an indication of China's crude-oil requirements. Including 25,000 tons produced at Yu-men, 226,000 tons produced at Yen-ch'ang, and 117,000 tons in Sinkiang, they would amount to about 3 million tons.

According to the Peiping crude-oil administration's report of a 12 percent increase in 1952 over the 1947 maximum production, domestic crude-oil production in 1952 was about 0.7 million tons, not counting oil-shale distillate. Imports also seem to have been progressed satisfactorily. At any rate, considerable improvements in the supply of motor fuel have been accomplished. Despite the strain on the economy due to the Korean war, there are no more wood-gas-operated vehicles in Mukden, Port Arthur, Dairen, and An-shan, and the Mukden -- Fu shun bus line also uses liquid fuel again. Also in the rest of China, the vehicles operating on liquid fuel outnumber those using wood-gas generators. Since 1953, liquid fuel has been supplied to the fishing fleet, and the consumption of illuminating kerosene has doubled, as far as Honan Province.

For 1953, the first year of the Communist Five-Year Plan, a 42-percent increase in crude-oil production had been planned. Lately, however, the production quota for 1953 has been set at only 129 percent of 1952, which would mean a production of about 0.9 million tons. The estimate by Japanese sources of 600,000 tons per year of Manchurian shale oil cannot be checked, but even when this item is not included, domestic production appears to be approaching the one-million-ton mark. This, however, would cover no more than one third of the total crude-oil requirements, which must undoubtedly have increased considerably since 1947, when they stood at 3 million tons.

Considering the level of domestic production at present, this situation must be considered as quite unsatisfactory. Apparently, the ideas the Communists have had up to now about the oil reserves of their country are badly in need of revision. According to the last report of the Bureau for the Exploitation of Natural Resources of the Raw Materials Commission of the Nationalist government in 1949, the Chinese oil reserves at that time were estimated at about 259 million tons. Of this, 59 million tons were in Kansu, 222,000 tons in Shensi, and 120.6 million tons in Sinkiang, thus nearly 190 million tons in the industrially important Northwest.

On 18 August 1953, the NCNA of Peiping reported that the oil reserves of the Northwest alone exceeded those of Iran. However, the latter were set at 930 million tons instead of 2 billion tons. To this should be added the reserves of Southwest China (Szechwan) with 60 million tons, and those of the former

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Manchurian provinces with 20 million tons. This would place the total reserves of China at about 1 billion tons. (On 19 August 1953, Pravda even set them at 1.7 billion tons.) Oil-shale reserves were reported at 500 million tons, of which 300 million are in Manchuria. A ratio of 1: 1,000 between production and reserves is, on the one hand, an indication of the backwardness of the Chinese crude-oil industry, but, on the other hand, shows the tremendous potential. It is to be doubted whether the government will be able to exploit this potential, even with Soviet assistance. At any rate, Pravda reported that 60 percent more wells were sunk in 1953 than in the last 10 pre-Communist years put together.

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